The Widows Corporation

Serving the Episcopal Clergy of Pennsylvania since 1769

Participant Manual and Annual Report 2016

The Corporation for the Relief of the Widows and Children of Clergymen in the Communion of the Protestant Episcopal Church in the Commonwealth of Pennsylvania

President (ex officio)
The Bishop of Pennsylvania
The Right Reverend Clifton Daniel 3rd (through July 16, 2016)
The Right Reverend Daniel G. P. Gutierrez (from July 17, 2016)

Vice-President
James L. Pope (1992)

Other Members of the Corporation
In order of seniority
The Right Reverend Allen L. Bartlett, Jr. (1986)
Paul Spencer Adkins (1993)
Donald H. Roberts, Jr. (1993)
Helen R. Bosley, CFA (1998)
Roderic H. Ross, CLU, CHFC (1999)
The Reverend Judith L.T. Beck (2002)
The Reverend Rodger C. Broadley (2002)
The Reverend Donald T. Graff (2002)
David P. Hegg, FSA (2002)
James B. Warden (2003)
Nolan N. Atkinson, Jr., Esquire (2004)
Shirley R. Gracie (2004)
The Right Reverend Sean Walter Rowe, ***The Bishop of Northwestern Pennsylvania*** (2007)
and the Bishop of Bethlehem (2014)
The Reverend E. Clifford Cutler (2007)
Gordon B. Fowler, Jr. (2007)
Susan P. Mucciarone (2007)
Louisa C. Ridgway (2007)
Kathleen A. Stephenson, Esquire (2007)
Andrew B. Williams, CFA (2007)
The Right Reverend Edward L. Lee, Jr. (2012)
The Reverend Thomas L. McClellan (2012)
Mary Campbell, CPA (2012)
Theresa Rollins, Ph.D., CPA (2012)
The Right Reverend Dorsey McConnell, ***The Bishop of Pittsburgh*** (2012)
The Reverend Richard C. Alton (2014)
The Reverend Canon Dr. Theodore C. Babcock (2014)
Dana B. Hall, CFA, M. Div (2014)
SooHee Lee Lim, CFA (2015)
The Very Reverend Scott T. Quinn (2015)
The Right Reverend Audrey Cady Scanlan, ***The Bishop of Central Pennsylvania*** (2015)
Albert S. Dandridge, III, Esquire (2016)
Stephen B. Heimann, Esquire (2016)

Dear Friends,

It is always a pleasure to greet you and to be able to present this Participant Manual and Annual Report 2016. In it, you will have both a handy reference to the many benefits of membership in the Corporation and also a summary of the ministry of The Widows Corporation over the past year. As the image of the Ben Franklin Bridge on the cover suggests, this report and especially our website are offered as ways to get from wherever you are, whatever you may need, to the resources that we are able to offer. We hope you will use both tools regularly!

As your Chaplain, one of my most enjoyable duties is to represent the Corporation at clergy conferences in the five dioceses that we serve. In late 2015 I visited Central Pennsylvania, and in March of this year I met with the clergy of the Diocese of Bethlehem for the first time. In September I met with the clergy of Pittsburgh and Northwestern Pennsylvania in a combined conference, and in November attended the clergy conference of my own Diocese of Pennsylvania. Thus in a little more than the span of a single year, I will have visited all five dioceses in Pennsylvania. It is our goal to be able to make a visit to each diocese once every two or three years, so this has laid a good foundation.

One of the major accomplishments of this year has been the completion of the roster of Assisting Chaplains. The Rev. Alan Coudriet, Canon Jay Geisler, The Rev. Chris Pyles, and The Rev. Jim Rinehart are proving to be excellent representatives of the Corporation in the dioceses of Northwestern Pennsylvania, Pittsburgh, Central Pennsylvania, and Bethlehem respectively, and I encourage you to reach out to your local Assisting Chaplain at any time with questions, concerns, and suggestions for our ministry. And of course I am always available to you as well.

The Reverend Sherry Deets
Chaplain

While much of my time is devoted to working with living clergy, it is always of paramount importance to us to be available to help the surviving families of the deceased clergy. The care of clergy widows and widowers is our foundational ministry, and while we do help several clergy widows and special needs adult children through the year, it is my hope that any family member in financial distress or other type of need will always remember that we are here and stand ready to do whatever we can to be of help.

May God's peace be with you all,

The Reverend Sherry Deets
Chaplain

Insurance Programs

Basic Security for the Future

The basic vehicle for enrollment with The Widows Corporation is the "Free $1,000" policy of life insurance. This is available to every bishop, priest or deacon (transitional or vocational) of the Episcopal Church canonically resident in any of the five dioceses in Pennsylvania or to any such cleric living within Pennsylvania regardless of canonical residence. This insurance policy opens the door to every other benefit of participation in our programs of assistance; it is completely free of charge and requires only the most basic contact information. Once enrolled, the coverage and eligibility for assistance can never be lost, even by moving out of state or by ceasing to be actively engaged in ministry.

Beyond the basic enrollment policy, premium-based policies of life insurance can be purchased. These policies of up to $150,000 based on the age at the time of purchase are issued on the basis of a fifteen-year premium payment period at rates that are highly subsidized by the earnings on the Corporation's investments.

Once the fifteen years of payments have been received, the policy is marked "Paid Up" and no further premiums are charged. It is our very long-standing practice to begin refunding the premiums in annual installments over the next fifteen years, though this program must be approved each year at the Annual Meeting.

Regardless of the Premium Refunds, however, the insurance never ends until the death benefit is paid out to the designated beneficiaries. In this way the policies are closer to the "whole life" model of commercial insurers even though the payment plans are more similar to the "term insurance" model.

Finally, any natural person or persons may be designated as the beneficiary of these policies of insurance; organizations, however, may not be included. In the event that no beneficiary has been named and no legal heirs can be identified at the time of death, proceeds of the insurance are paid to the diocese in which the cleric was resident at the time of initial enrollment.

Bishop Clifton Daniel,
outgoing President of the Corporation,
with Bishop-Elect Daniel Gutierrez

- Free $1,000 policy qualifies for all subsequent benefit programs
- Applications at www.TheWidowsCorporation.org/clergy/enrollment
- Additional insurance available without medical examination, up to:

Under age 41:	$ 150,000	Age 41→50:	$ 100,000
Age 51 →60:	$ 75,000	Age 61→72:	$ 50,000

- Applications at www.TheWidowsCorporation.org/clergy/additional-coverage

Wellness Funds

Help for the Whole Family

The Rev. Sherry Deets, Chaplain, with Assisting Chaplains The Revs. Alan Coudriet (NWPA,) "Jay" Geisler (PBG,) Chris Pyles (CPA,) and Jim Rinehart (BETH.)

During the lifetime of the enrolled clergy person, the Fund for Clergy and Clergy Family Wellness can be accessed for a variety of needs. While the most common uses of these funds are reimbursements of medical, dental and prescription drug expenses that have not been covered by medical insurance programs, they can also be requested for expenses of retreats, counseling, and other similar needs.

In order to request Wellness Fund assistance, a simple application is completed by the cleric and submitted to the diocesan bishop or designated pastoral care officer. This involvement of the bishop is primarily to enable the bishop to fulfill the obligation to see to the well-being of the local clergy.

When a Wellness Fund request is made, the bishop can see if other diocesan funds may be used to address the need and also can exercise such pastoral care as may be indicated by the situation at hand.

When the bishop has signed the application, it is submitted to the Corporation's office for payment. Payments can be made to the cleric as reimbursement for funds already disbursed or directly to service or care providers for fees yet to be billed.

And in one more effort to support the families of clergy, insured clerics are eligible for a Spousal Death Benefit of $5,000 upon submission of a copy of the death certificate of the spouse or acknowledged life partner.

- Wellness Funds are for
  - insured clergy and their immediate families
  - medical expenses not covered by insurance
  - other costs to support the general well-being of the clergy
- Wellness Funds are routed to the Corporation through the office of the diocesan bishop
- Application forms may be obtained at www.TheWidowsCorporation.org/clergy/wellness-fund-assistance
- Spousal Death Benefit of $5,000 on the death of an insured cleric's spouse or life partner

Family Grants

"… the orphans and widows in their distress…"

When the insured clergyperson dies, the first step for the surviving family to take is to contact the office of the Corporation to report the death. A copy of the death certificate is required in order to release the death benefit to the designated beneficiaries which is normally accomplished within a week of receiving the certificate.

After that, however, the surviving spouse is eligible to apply for need-based assistance for life or until re-marriage. This assistance is administered in three ways. The primary program is grants of Supplemental Income. These grants are intended to help provide a margin of income in excess of what is needed to cover fixed expenses such as housing and medical care. While the amount of this margin differs depending on the living circumstances (for example a young widow with minor children versus an older widow in a retirement community) the process begins with a simple application submitted in March for grants that are determined in April and distributed quarterly beginning in May.

Educational Assistance grants of up to $5,000 per year can be made to the children of deceased insured clergy through the completion of their professional level education.

These are also generally approved in April although requests can be submitted at other times as needed.

Finally, Emergency Aid can be provided to widowed spouses for any purpose at all. These are based on need and are highly individualized depending on the unique circumstances. It is important for all surviving spouses to remember that they may always inquire about the availability of assistance for any type of financial need that arises. These grants are made throughout the year as needed.

Members of the Corporation elected in 2016: Stephen B. Heimann, Esquire; Bishop-Elect Daniel Gutierrez; Albert S. Dandridge III, Esquire

- Supplemental Income grant applications are due in March each year.
- Educational Assistance grants of up to $5,000 are available to children of deceased clergy through completion of professional education.
- Emergency Aid can be requested at any time of the year for any purpose.
- Applications are available at www.TheWidowsCorporation.org/family

Dear Friends,

The Annual Report provides an excellent opportunity each year to bring you details of our financial status and a summary of our activities, but it is also a time when we can peer into the future by informing you of plans for upcoming activities. On page six of this Report you will see a summary of our insurance and financial activity for the past year and beginning on page eight you will be able to examine the audited Financial Statements that testify as to our sound financial status.

It was a pleasure at our Annual Meeting in June to welcome our incoming President, Bishop-elect Daniel Gutierrez, who will succeed the out-going Bishop of Pennsylvania, Clifton Daniel, upon his consecration in mid-July. Bishop Daniel has led us through these past three years with grace and insight and we will miss him greatly, but we look forward to working for many years to come with Bishop Gutierrez who comes to us from the Diocese of the Rio Grande where he served as Canon to the Ordinary.

One of the administrative changes that was made this past year was the chartering of an Investment Sub-Committee of the Acting Committee. This has allowed Members of the Corporation who have particular expertise in the field of investment management to join in the very important work of guiding our investment decisions, on which so much of our continuing ability to carry out our ministry depends. This group meets on a quarterly basis with our Investment Consultant to receive, review and act upon specific recommendations as well as to analyze financial market trends and our particular projected needs for funds to meet our contractual and discretionary expenses.

Over the years, increased involvement of Members of the Corporation in committees that set guidelines, make plans, and oversee management has been a goal, one that now sees

John A. Miller
Treasurer & Executive Director
of The Widows Corporation

twenty-seven of the thirty elected Members involved in at least one such committee. This is a remarkable and very healthy change from the patterns of earlier years and surely is a contributor to the growth in ministry that we have experienced.

Finally, in July I completed fifteen years in your service, the last two as your Treasurer, and I want to thank you all, and especially the Members of the Corporation and the Acting Committee, for your encouragement and support throughout this time. It is an honor and a pleasure to work with the bishops in Pennsylvania, their staffs, the clergy who are enrolled with us, and our Members who volunteer their time and talents to serve on the various committees that set the policy parameters by which Sherry and I are guided in our ministry.

Faithfully yours,

John A. Miller
Treasurer & Executive Director

THE PAST YEAR AT A GLANCE: 2015-2016

INSURANCE ACTIVITY:

	Lives	Policies	Death Benefit
New Lives Insured:	27	27	$ 27,000
Additional Policies Issued:		15	1,152,000
Lives Lost:	-31	-49	-1,231,450
Net Change:	- 4	-7	$ - 52,450
Total Insurance in Force:	**1,318**	**1,952**	**$66,838,638**

FINANCIAL ACTIVITY:

Reserve for Future Death Benefit:	$ 43,730,000
Reserve for Other Liabilities:	2,759,979
Reserve for Board Designated Distributions:	656,675
Reserve for Operations:	19,664,682
Total Assets:	**$66,811,336**
Interest on Investments (net of Management Fees):	$ 1,819,326
Capital Gains / Losses:	- 5,540,299
Premiums Received:	93,038
Total Receipts:	**$-3,627,935**
Death Claims Paid:	$1,231,450
Increase in Policy Reserves:	198,000
Operating Expenses:	329,326
Premium Refunds:	192,017
Family Grants:	226,786
Wellness Fund Grants:	282,161
Total Expenses:	**$2,459,740**

250th Anniversary Celebration

Founder William Smith, oil on canvas, by the American artist Gilbert Stuart.
Courtesy of the University of Pennsylvania Museum. Image courtesy of The Athenaeum.

The history of the founding of The Widows Corporation can be found on our website and tells a remarkable story of the foresight and charity of the clergy and laypersons who developed the idea, laid the plans, and carried them forward to plant our virtual cornerstone in 1769.

In 2019 we will be honored to celebrate the 250th anniversary of their vision and accomplishment and a committee chaired by The Right Rev'd Edward Lee is hard at work to develop both plans to mark the occasion and also programs to carry forward and expand the good works that they started.

Among the plans being developed, we envision a special Annual Meeting in June 2020 at the Historical Society of Pennsylvania where our original founding documents are housed and at which we will share the opportunity to remember our heritage and envision our future with representatives of our original sister societies in New Jersey and New York.

Then on October 3, 2019, the actual anniversary of our first Annual Meeting, a celebratory Service of Evensong will be held at historic Christ Church in Philadelphia followed by a Reception at the National Constitution Center nearby. It is our hope that Presiding Bishop Michael Curry will preach at Evensong, and special music will be commissioned for the occasion.

At the Reception we hope to unveil new initiatives for increased ministry to the family members of our clergy, pursuant to a mandate we expect to be made in the 2018 General Convention at our behest.

Stay tuned, as they say, for more Anniversary news in the months ahead!

bbd | CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Members of The Corporation for the Relief of the Widows and Children of Clergymen in the Communion of the Protestant Episcopal Church in the Commonwealth of Pennsylvania Philadelphia, Pennsylvania

We have audited the accompanying financial statements of The Corporation for the Relief of the Widows and Children of Clergymen in the Communion of the Protestant Episcopal Church in the Commonwealth of Pennsylvania,d/b/a The Widows Corporation (a nonprofit organization), which comprise the statements of financial position as of April 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Widows Corporation as of April 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 10 through 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Briggs, Bunting & Dougherty, LLP

Philadelphia, Pennsylvania
June 23, 2016

The Financial Statements that follow are abstracts from the full Audited Financial Statements. The full Audited Financial Statements are available upon request from the Treasurer.

STATEMENTS OF FINANCIAL POSITION
April 30, 2016 and 2015

ASSETS	2016	2015
Cash	$ 84,792	$ 228,339
Investments	66,706,108	72,565,690
Investment income receivable	4,487	5,973
Premiums due and deferred	15,949	17,176
Total assets	$ 66,811,336	$72,817,178
LIABILITIES AND NET ASSETS		
LIABILITIES		
Policy reserves for payment of future benefits	$ 43,730,000	$ 43,532,000
Accrued expenses	33,979	33,586
Grants payable	226,000	450,209
Total liabilities	43,989,979	44,015,795
NET ASSETS		
Unrestricted		
Operating	19,664,682	28,355,208
Board designated		
Endowment for spousal death benefits	2,500,000	-
Spousal death benefits funds	75,000	-
Premium refunds	194,000	192,000
Grants	280,000	167,000
Anniversary reserve	94,000	74,000
Yeates trust	3,675	3,175
	22,811,357	28,791,383
Permanently restricted	10,000	10,000
Total net assets	22,821,357	28,801,383
Total liabilities and net assets	$66,811,336	$72,817,178

STATEMENTS OF ACTIVITIES

Years ended April 30, 2016 with comparative total for 2015

	Unrestricted	Permanently Restricted	Totals 2016	Totals 2015
REVENUE				
Premiums	$ 93,038	$ -	$ 93,038	$ 86,482
Investment income (loss)	(3,720,973)	-	(3,720,973)	2,883,407
Total revenue	(3,627,935)	-	(3,627,935)	2,969,889
BENEFITS AND OTHER EXPENSES				
Death claims	1,231,450	-	1,231,450	678,650
Actuarially required increase in policy reserves	198,000	-	198,000	751,000
Operating expenses	329,326	-	329,326	336,625
Premium refunds	192,017	-	192,017	189,079
Grants	401,298	-	401,298	503,069
Total benefits and other expenses	2,352,091	-	2,352,091	2,458,423
CHANGE IN NET ASSETS	(5,980,026)	-	(5,980,026)	511,466
NET ASSETS				
Beginning of year	28,791,383	10,000	28,791,383	28,289,917
End of year	$22,811,357	$10,000	$22,811,357	$28,801,383

STATEMENTS OF ACTIVITIES

Years ended April 30, 2015

	Unrestricted	Permanently Restricted	Total
REVENUE			
Premiums	$ 86,482	$ -	$ 86,482
Investment income	2,883,407	-	2,883,407
Total revenue	2,969,889	-	2,969,889
BENEFITS AND OTHER EXPENSES			
Death claims	678,650	-	678,650
Actuarially required increase in policy reserves	751,000	-	751,000
Operating expenses	336,625	-	336,625
Premium refunds	189,079	-	189,079
Grants	503,069	-	503,069
Total benefits and other expenses	2,458,423	-	2,458,423
CHANGE IN NET ASSETS	511,466	-	511,466
NET ASSETS			
Beginning of year	28,279,917	10,000	28,289,917
End of year	$28,791,383	$10,000	$28,801,383

STATEMENTS OF CASH FLOWS
Years ended April 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (5,980,026)	$ 511,466
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Net unrealized losses on investments	4,944,200	700,016
Net realized losses (gains) on investments	596,099	(1,966,827)
(Increase) decrease in		
Investment income receivable	1,486	6,150
Premiums due and deferred	1,227	3,942
Increase (decrease) in		
Policy reserves for payment of future benefits	198,000	751,000
Accrued expenses	393	(12,717)
Grants payable	(224,209)	36,362
Net cash provided by (used for) operating activities	(462,830)	29,392
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	29,974,164	19,045,240
Purchases of investments	(24,654,881)	(18,948,841)
Net cash provided by investing activities	319,283	96,399
Net increase (decrease) in cash	(143,547)	125,791
CASH		
Beginning of year	228,339	102,548
End of year	$ 84,792	$ 228,339

THE WIDOWS CORPORATION

Acting Committee

James L. Pope, Chair *(ex officio)*
President, Carningli Corporation
Helen R. Bosley, CFA (term expires 2018)
Principal, Corporate Financial Management, Inc.
The Reverend Rodger C. Broadley (term expires 2018)
Rector, Church of Saint Luke & The Epiphany
Albert S. Dandridge, III, Esquire (term expires 2020)
Attorney, Schnader Harrison
Gordon B. Fowler, Jr. (term expires 2020)
CEO, Glenmede Trust Company
Dana B. Hall, CFA, M.Div. (term expires 2019)
Ministry Intern; Founder, 100 Women in Hedge Funds
David P. Hegg, FSA (term expires 2019)
Actuary, Mercer (Consulting Service)
The Right Reverend Edward L. Lee, Jr. (term expires 2017)
Assisting Bishop in Pennsylvania
Roderic H. Ross, CLU, CHFC (term expires 2017)
Retired Chairman & CEO, Keystone State Life Insurance Company

Audit Committee
Theresa Rollins, Ph.D., CPA, Chair
Paul Spencer Adkins
Mary Campbell, CPA
Susan Mucciarone
Donald H. Roberts, Jr.
Kathleen A. Stephenson, Esquire
James B. Warden

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Philadelphia PA 19103

Assistant Secretary
Kathleen A. Stephenson, Esquire
Pepper Hamilton LLP
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Philadelphia, PA 19103-2799

Actuary
CPS Actuaries

Chief Examining Physician
Thomas F. Gumina, MD

Nominating Committee
The Reverend Donald T. Graff, Chair
The Reverend Dr. Theodore Babcock
The Reverend Rodger C. Broadley
The Reverend E. Clifford Cutler
Shirley R. Gracie
The Reverend Thomas L. McClellan
Roderic H. Ross, CLU, CHFC

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Certified Public Accountants
Briggs, Bunting & Dougherty, LLP

Firm of Solicitors
Dechert LLP

Cover: Philadelphia skyline and Ben Franklin Bridge at sunset

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